

DD/S 69-1121

14 MAR 1969

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Task Force Report for Week Ending 15 March 1969

1. General

The Pension Trust Task Force has been scheduling meetings with various organizations experienced in the management of pension trusts, investment portfolios in general, and mutual funds. Organizations selected are those with whom the Agency has either continuing relationships, has had prior relationships, or are recognized authorities in their fields and to which CIA has ready access. The initial group includes:

Bankers Trust Company, Investment Bankers
New York, N.Y.

Scudder Stevens & Clark, Investment Counselors
Baltimore, Md.

T. Rowe Price, Investment Counselors
Boston, Mass.

Insurance Company of North America
Philadelphia, Pennsylvania

Thomson & McKinnon, Member, N.Y. Stock Exchange
New York, N.Y.

Hirsch & Co., Stockbrokers
Washington, D.C.

It is believed that this group will fairly represent the various options available to CIA for the management of pension trust funds and, perhaps more importantly, represent the commercial biases favoring one method as opposed to others. Discussions on the points of interest, conflict, or opposition should strengthen our understanding and assist us in weighing the considerations involved.

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2. Specific

The Task Force met with the representatives of the brokerage firm, Thomson & McKinnon on 13 March 1969. Mr. Samuel Campbell, Vice President and voting partner of the firm came down from New York. He was accompanied by Mr. Martin Bell, an independent Washington attorney who serves the firm as a consultant on the technical and tax aspects of pension trusts.

Mr. Campbell explained that his objective was to offer the CIA advice, handholding, and entry to the investment management field or the mutual fund world. In return, if we elected to accept their services, they would expect to receive commissions and fees from either our portfolio transactions or from the sale of mutual funds. CIA would incur no obligation to Thomson & McKinnon.

There followed a lengthy discussion of the several options for pension fund management and the special advantages of using mutual funds for this purpose.

Of particular interest, we were advised, is that many of the larger funds would, if requested, provide promotional and legal assistance in planning and launching the fund, and would undertake all of the record-keeping on the share status of each participating employee. (Obviously CIA would have to use numbered accounts for security reasons, although the number of participants would be revealed.)

STAT 3. Messrs. [] had lunch with our visitors and continued the discussion in much greater depth. The meeting was terminated with the understanding that:

a. CIA would continue researching the alternate forms of pension fund portfolio management during the next few weeks.

b. When or if CIA decided it wanted the assistance of Thomson & McKinnon for entry to the management of one or more mutual funds, we were invited to call upon them.

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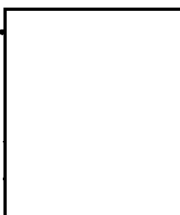
c. Thomson & McKinnon would be considered as competitors for the brokerage or mutual fund business that our proposed pension trust might engender.



Chairman
Task Force on Employee Pension Trust

cc: 1 ea member Task Force

Dr.
Mr
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MEMORANDUM FOR: Colonel White

Executive Registry

69-1451/R

For information, a status report on the actions of the Pension Trust Task Force. It appears that no benefit will be gained by dealing with brokers as they serve only the purpose of offering a middle-man service. The Task Force from now on will deal directly with the mutual fund groups thus avoiding for the future what might be a percentage cut on all stock deals.

STAT

3/19

[Redacted Signature Box]

R. L. Bannerman

17 Mar. 69
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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